

REACTIONARY TONE TO BOND MARKET

Bull Trend Turned Aside for First Time This Year in Last Week.

The bond market's reactionary tone last week, for the first time this year that the market has deviated from a bull trend, could be ascribed only to the enormous amount of new financing in recent weeks, the cumulative weight of which has been sufficient to offset temporarily the supplies of new capital entering the investment market.

Outstanding significance as to the lower range of bond prices to higher prices and to a lower yield basis is this morning's offering of \$75,000,000 of Federal Land Bank's bonds at the lowest figures in about three years.

Including to-day's \$75,000,000 Farm Loan offering, approximately \$200,000,000 of new bonds have been brought out in the last week, which means that the volume of new issues is holding close to the year's maximum.

Signal success continued to mark all the underwritings. The \$25,000,000 of the Pacific Telephone and Telegraph Company's 5 per cent. bonds, brought out on a 5.49 basis, were oversubscribed in a few minutes after the formal opening of subscriptions to them were sufficient to have taken the issue four times over.

Other interesting pieces of financing last week included the sale of \$9,000,000 of the United States of Brazil's 7 1/2 per cent. coffee security loan at 97, to yield 7.79 per cent, \$2,000,000 being offered here and the balance in London; \$7,000,000 of the Northern Indiana Gas and Electric Company's 4 1/2, to yield 6 1/2 per cent.

The value of foreign financing in the American market since the first of this year is little short of remarkable. Its total being placed at \$208,657,000, or about five times the amount of foreign bond sales in the first four months of last year.

Not a foreign issue in 1921 was sold on a basis lower than 8 per cent, and the average was 8 1/2 per cent, whereas so far this year rates have tapered down to as low as 5 per cent. for the recent \$1,600,000 Canadian loan.

Those who are criticizing this country for not utilizing its vast gold reserves to assist foreign nations and stabilize international currencies may well ponder over those figures, which, from all indications, represent only a beginning.

Average Bond Prices May 6, 1922. 10 Rails... 85.27, 10 Industrials... 86.46, 5 Public... 87.11, Foreign... 89.29, 30 Bonds... 93.29.

BOND NEWS AND NOTES. E. B. Hitchcock & Co. and the Continental and Commercial Trust and Savings Bank, Chicago, are offering \$1,600,000 of the Mississippi Valley Timber Company's first mortgage 7 per cent. serial bonds, due in 1923 to 1934, inclusive.

\$20,000,000 NEW OIL STOCK BEING OFFERED. Lee, Higginson & Co. are offering a new issue of \$20,000,000 of the Shell Union Oil Corporation's 6 per cent. cumulative preferred stock of series A.

WEEK'S COTTON PRICES. Week ended with Saturday, May 6, 1922. May... 19.89, July... 19.89, September... 19.89, December... 19.89.

BONDS IN NEW YORK STOCK EXCHANGE

WEEK ENDED MAY 6, 1922. Sales for week... \$52,280,000, 1921 \$69,280,000, 1920 \$75,618,000.

Table of bond prices and yields. Columns include Sales, High, Low, Close, Net Change, High, Low, Close, Net Change. Rows list various bonds such as Adams Express, Alabama, Alaska, etc.

NEW ISSUE

Exempt from Federal, State, Municipal and Local Taxation. \$75,000,000 Ten-Ten Year Federal Land Bank 4 1/2% Bonds.

Dated May 1, 1922. Not redeemable before May 1, 1932. Interest payable May 1 and November 1 at any Federal Land Bank or Federal Reserve Bank at the Bank of Issue.

The Supreme Court of the United States has held, (a) that these Bonds were legally created as part of the banking system of the United States, and (b) that the Bonds issued by the Banks are instrumentalities of the United States Government and are exempt from Federal, State, municipal and local taxation.

Special attention is directed to the following statement of Secretary of the Treasury Mellon: 'In view of the very satisfactory financial condition of the Banks themselves, of the exemption of the bonds issued by these Banks from Federal, State, municipal and local taxation everywhere in the United States, and of the very adequate security back of these bonds, they should prove an attractive security to investors large and small throughout the country.'

Operation: In four years of active operation the 12 Federal Land Banks have been built up until on March 31, 1922, their Capital was \$30,599,765; Reserve, \$1,943,000; Undivided Profits, \$3,590,549; and Total Assets, \$555,157,345.

Acceptable by Treasury: These Bonds are acceptable by the United States Treasury as security for Government deposits, including Postal Savings Funds.

Legal for Trust Funds: The Federal Farm Loan Act provides that the Bonds shall be lawful investments for all fiduciary and trust funds under the jurisdiction of the United States Government.

The United States Government owns over \$5,500,000 of the capital stock of the Banks and the United States Treasury has purchased over \$183,000,000 Federal Land Bank Bonds.

At the request of the Federal Farm Loan Board in co-operation with and on behalf of the Federal Land Banks, we offer these bonds at: Price 100 and Interest, to yield 4 1/2%.

Alex. Brown & Sons, Harris, Forbes & Co., Lee, Higginson & Co., The National City Company, Guaranty Company of New York.

PLANS TO FINANCE NEW STEEL MERGER REPORTED. Youngstown Says Seven Companies Have Been Appraised.

THE NATIONAL PARK BANK OF NEW YORK Organized 1856 TRANSACTS A GENERAL BANKING BUSINESS

COAL MARKET IS STRONGER. Industrial Buying Makes Up for Domestic Inactivity.

Authorized to act as Executor, Trustee, Administrator, Guardian and in any other Trust capacity. Receives Securities for Safe-Keeping and Collection of Income.

Foreign Exchange, Commercial and Travelers' Credits issued—Correspondents in all principal cities of the world.

Safe Deposit Vaults at moderate rental. WEEK'S PRODUCE PRICES. Week ended with Saturday, May 6, 1922, CHICAGO, Wheat.

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